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AUSTRALIAN STATISTICS ADVISORY COUNCIL

Annual Report
1988-89

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Australian Government Publishing Service

Canberra 1989



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The Honourable Paul Keating, M.P.
Treasurer of the Commonwealth of Australia

I have pleasure in submitting the Report of the Australian Statistics Advisory Council for the year ended 30 June 1989.

The Report outlines the work undertaken by the Council and is submitted to you for presentation to Parliament under section 24(2) of the *Australian Bureau of Statistics Act* 1975.

N. Oakes

N. OAKES
Chairman

18 August 1989

MEMBERSHIP OF COUNCIL, 30 JUNE 1989Date first
appointed

| | | |
|-------------------------|---|----------|
| Mr Norman Oakes, AO | Chairman | 14.1.87 |
| Mr Ian Castles, AO, OBE | Australian Statistician (ex officio) | |
| Mrs Yvonne Bain | President, National Council of Women of Queensland | 14.1.80 |
| Mr Grant Belchamber | Research Officer, Australian Council of Trade Unions | 1.3.88 |
| Dr Lisa Brodribb, AM | Managing Director, M. Brodribb Pty Ltd | 14.1.77 |
| Mr Don Challen | Deputy Under Treasurer, Economic and Financial Policy, Treasury Department, Tasmania | 18.2.87 |
| Dr Neil Conn | Under Treasurer, The Treasury, Northern Territory | 1.11.81* |
| Dr Meredith Edwards | First Assistant Secretary, Social Policy Division, Department of Social Security | 1.3.88 |
| Dr Christopher Higgins | Deputy Secretary (Economic), Department of the Treasury | 1.3.85 |
| Mr Ross Holt | Director, Economic Policy Division, Department of the Treasury, Western Australia | 1.3.88 |

| | | |
|----------------------------|---|-----------|
| Dr Neil Johnston | Deputy Secretary, Department of Employment, Education and Training | 17.3.89** |
| Prof Peter Karmel, AC, CBE | Chairman, Australian Institute of Health | 1.7.88 |
| Mr Ian Macfarlane | Head of Research, Reserve Bank of Australia | 1.9.88 |
| Mr John Macleod | Group Economist, CRA Ltd | 17.3.83 |
| Dr Richard Madden | Under Treasurer, ACT Treasury | 1.3.85 |
| Dr Jacqueline Morgan | Executive Member, Privacy Committee of New South Wales | 1.2.89 |
| Prof Max Neutze | Acting Deputy Vice Chancellor, Australian National University | 4.6.86 |
| Mr Graham Penn | Research Manager, IDC Australia Pty Ltd | 1.6.87 |
| Mr Robert Schwarz | Manager, Financial Policy, South Australian Government Financing Authority | 1.9.88 |
| Mr Robert Scullion | Assistant Secretary, New South Wales Treasury | 1.2.89 |
| Dr Alfred Smith | Director, Resources and Development Division, Department of the Premier and Cabinet, Victoria | 17.3.86 |

| | | |
|----------------------|--|---------|
| Mr David Smith | Director, Statistical Services, Government Statistician's Office, Queensland | 1.6.89 |
| Prof Richard Tweedie | Dean, Information and Computing Sciences, Bond University | 1.11.87 |

Changes in membership since 30 June 1988

| | |
|----------------|--|
| July 1988 | Dr J.S. Deeble retired from Council at the conclusion of his term of appointment, having served on the Council since 1985. |
| | Mr P.D. Jonson resigned, having served on the Council since 1982. |
| | Prof P.H. Karmel, AC, CBE, appointed. |
| September 1988 | Mr I.J. Macfarlane appointed. |
| | Mr R.G. Schwarz appointed to succeed Mr A.M. Smith as the South Australian Government representative. |
| October 1988 | Mr V.A. Prosser resigned, having served on the Council since 1983. |
| February 1989 | Dr J.A. Morgan appointed. |
| | Mr R. Scullion appointed to succeed Mr A.J. Watt as the New South Wales Government representative. |
| March 1989 | Prof R.J. Blandy retired from the Council at the conclusion of his term of appointment, having served on the Council since 1983. |
| | Mr W. Boetcher retired from the Council at the conclusion of his term of appointment, having served on the Council since 1980. |
| | Dr H.N. Johnston appointed. |

June 1989

Mr D.J. Smith appointed to succeed
Mr J.E. Hodges as the Queensland
Government representative.

Council records with appreciation the contribution made by the retiring members to the work of the Council.

- * Did not serve on Council between June 1983 and February 1987.
- ** Dr Johnston was not appointed until after the last Council meeting held during the period covered by this Report.

Note: In this Report, after the first reference, the Australian Statistics Advisory Council is referred to as ASAC or the Council, and the Australian Bureau of Statistics as the ABS or the Bureau.

Freedom of Information Act 1982

Under section 8 of the *Freedom of Information Act 1982* Commonwealth agencies are required to publish a statement about their organisation, functions, decision-making powers, consultative arrangements, categories of documents maintained, and facilities and procedures to enable members of the public to obtain access to documents under the Act.

The relevant statement for ASAC appears as an appendix to this Report.

No requests for access to documents under the FOI Act were received by ASAC during the year.

INTRODUCTION

The Australian Statistics Advisory Council was established by the *Australian Bureau of Statistics Act 1975*.

This is the thirteenth Annual Report of the Council, and is made in accordance with section 24(2) of the Act which provides that: 'the Council shall, as soon as practicable after 30 June in each year, prepare and submit to the Minister, for the presentation to the Parliament, a report relating to matters connected with the operation of this Act'.

Under section 18(1) of the *Australian Bureau of Statistics Act 1975* the Council is to advise the Minister and the Australian Statistician on:

- (a) *the improvement, extension and co-ordination of statistical services provided for public purposes in Australia;*
- (b) *annual and longer term priorities and programs of work that should be adopted in relation to major aspects of the provision of those statistical services; and*
- (c) *any other matters relating generally to those statistical services.*

The Act enables the Minister or the Australian Statistician to seek the advice of the Council on these matters. The Council also offers advice on these matters to the Minister or the Australian Statistician when it considers it appropriate to do so.

The Act provides that the Council shall consist of a part-time Chairman, the Australian Statistician (ex officio), and between ten and twenty-two part-time members, including one nominee of each State Premier and the Chief Minister of the Northern Territory. The Chairman and members are appointed by the responsible Minister – currently the Treasurer – for periods of five years and up to three years respectively, and are eligible for reappointment.

The Chairman receives an annual fee, set by the Remuneration Tribunal, and members are reimbursed their travel costs, where applicable. Expenditure during 1988–89 totalled \$50,336.

Secretariat and administrative support for the Council's activities are provided by the ABS. The secretary of the Council is the Assistant Statistician, Resource Effectiveness Branch, whose address is PO Box 10, Belconnen, ACT 2616 – telephone (062) 52 5256.

SUMMARY OF THE YEAR'S ACTIVITIES

The Council met on 13 July 1988, 16 and 17 November 1988 and 15 March 1989, when it considered a number of items in accordance with its objectives as set out above. This Report outlines the main aspects of Council's consideration of these items, together with a number of other matters which were brought to its attention during the year.

Council recognises that this has been a particularly demanding year for the ABS. As in previous years appropriate responses have been required, both by the Council and the ABS, to the continuing pressures for the provision of a wider range of statistical services in an environment of ongoing resource constraints. In addition, quick action has also been needed this year to counter challenges to the powers of the ABS from a number of public campaigns directed especially against its household surveys. Many of these attacks against the Bureau have been misinformed and unwarranted but have nevertheless required considerable time and effort from senior ABS officers to combat them. This has resulted in substantial additional demands on scarce senior level resources, something which has been difficult for the Bureau to sustain.

Despite these additional strains there has been heartening progress on a number of major Bureau initiatives, including the enhancement of its register of businesses and the improvement in the dissemination and marketing of its output. Council devoted much of its time in considering proposals put forward for the 1991 Census of Population and Housing and is particularly pleased that the Government has accepted its recommendation for a fully enumerated census for a range of topics only slightly more restricted than that collected in the 1986 census. Despite the difficulties faced by the Bureau during the year, Council is confident that its statistical products and services remain well-balanced and relevant to the needs of users.

ABS forward work program 1989-90 to 1991-92

Council spent much of the time available at its November 1988 and March 1989 meetings in considering different aspects of the ABS forward work program for 1989-90 to 1991-92. Once again, Council was confronted with the task of advising on priorities for a work program which faced a shortfall in the resources required to complete it.

An understandable response to this climate of continuing restraint has been the emergence of user funded collections. However, Council has cautioned the ABS to be vigilant concerning the respondent load involved with such collections, their possible impact on the ABS image, and the dangers inherent in possible competition within the Bureau for the time of skilled staff. Council sees these issues as having

the potential to adversely affect ABS operations. While supporting the policy of user funding, Council continues to be concerned that revenue generation should not supplant the policy/social significance of data collections as the prime policy determinant. It has advised the Minister accordingly.

Regarding the determination of priorities, Council recognises that for any given collection, the existence of only a small number of users or the fact that a low volume of revenue is generated, is not necessarily an indication of low priority. It has requested the ABS to ensure that consideration is given also to the uses to which the information is put, in particular the extent to which data are vital to government policy departments. Council notes that between broad areas of statistics there has been little evidence of shifts in resource allocations over time, although there have been significant variations within individual statistical programs. However, it reiterates its view that because of the relatively high level of resource commitment to the labour program, the ABS should look closely at the possibility of meeting the work program in this area with fewer resources in order to accommodate other priority work. Council nevertheless recognises that it would be difficult to determine an absolute level of resources. The need for, and frequency of the Survey of Motor Vehicle Use has also been questioned but Council has been advised that maintenance of the survey is considered important by some States.

Council has endorsed the various actions proposed by the ABS to accommodate the 1989-90 work program within the available resources. Some reduction in the corporate services area is involved, together with the reduction or deferral of expenditure on certain projects which do not impact significantly upon the total statistical data available and the introduction of new schemes for revenue generation.

With regard to revenue earning possibilities, Council notes that a number of ABS surveys already receive funding from client departments and that this practice is likely to continue in respect of surveys which are not part of an agreed program of 'core' surveys which have a wide range of users.

Council considers that the marketing of ABS products will require greater attention in the future, and that the products themselves are likely to receive greater scrutiny from users as a consequence of charging. It has stressed to the ABS the need to provide value for money and has suggested that there would be merit in considering enhanced consultancy services, in producing more specialty publications, and in more creative thought in advancing ABS products, for example, developing products suitable for school use. Council has noted the ABS intention to review revenue sharing arrangements with the Department of Finance, particularly in respect of new initiatives and has suggested that the present lack of synchronisation between price changes for ABS products and the timing of allocation of funds to Government agencies needs to be addressed.

In its consideration of more detailed aspects of the forward work program, Council has given close attention to the comprehensive documentation provided by the ABS,

focusing on a number of strategic initiatives proposed. These include the introduction of some significant new statistical endeavours, the costs of which the ABS is proposing to offset through changes in programs in other areas. Particularly of note are the following:

- Introduction of an annual economy wide survey to give a regular picture of the performance of the economy as a whole, and to provide input to the national accounts.
- Conduct of a survey of employer training expenditure, subject to funding from the major user (Department of Employment, Education and Training) being approved in the Budget process.
- Introduction of an annual survey of private sector health establishments. Data on the resources and facilities of such organisations (and on hospitals generally) represent a major gap in the area of health statistics and will complement a public sector collection to be undertaken by the Australian Institute of Health.
- An ongoing program of monthly supplementary household surveys, and conduct of the 1989-90 National Health Survey and an income survey in 1990-91.
- Conduct of the 1991 Census of Population and Housing.
- Extended efforts to improve the dissemination and marketing of statistics, including electronic dissemination of data.
- Consultation with State and Territory governments on a basis for charging for statistical consultancy work, for the services of outposted officers, and for other ABS products and services provided to those governments.

Notwithstanding these initiatives, Council notes that the ABS is likely to face continuing pressure for a wider range of statistical services and is confident that ABS forward planning mechanisms will address these as they arise.

Council considered the areas of unmet demand referred to by the ABS and members, and suggested that the Bureau should:

- review the need for increased data on families and youth;
- examine the nature and scope of a possible time use survey incorporating the responsibilities of women in the home and in the workplace, with an emphasis on persons not in paid employment;
- investigate the possibility of allocating resources to conduct an annual survey of international trade in services;

- continue to provide assistance to States for work on State/Territory input-output tables; and
- further develop estimates of State gross product.

Council has endorsed both the ongoing and the new components of the ABS work program and has written to the Minister indicating its support. Council is confident that the statistical service provided by the ABS remains well balanced and relevant to both current and evolving needs of users.

Economic statistics strategy

Formulation of the ABS work program over the next few years will be heavily influenced by the new economic statistics strategy it is developing. Council has closely monitored the development of this strategy since its inception. At its March 1989 meeting Council paid particular attention to the progress achieved by the ABS in improving its register of businesses and to the implications of the strategy for small area economic data.

A key feature of the register enhancement work has been the establishment of large business units in each State Office to record the management structures of large businesses (which contribute a large proportion of total economic activity) and obtain a basic understanding of their management information systems so that appropriate measures can be taken to ensure that up to date information about them is maintained on the register. In addition, the large number of small businesses without paid employees, whose business life tends to be short, whose coverage is difficult and expensive to establish and which account for only a small proportion of total economic activity, are being eliminated from the register. Council has been advised that statistics derived from taxation records are expected to provide more reliable and efficient data for these non-employed units when the Australian Taxation Office (ATO) modernisation project is complete. Council considers that improvement of the ABS register of businesses should be given continued emphasis in view of its significance to a wide range of statistics.

In response to concern expressed about the possible adverse effect of the new collection strategies on the quality and availability of State and small area data, Council has been advised that the revision of statistical units has recognised the location unit for which type of activity, employment, and, possibly, wages and salaries and turnover data will be provided. The ABS intends that a major source of small area data in future will be its business register which, through storing separate location data, will become a statistical data base in its own right. While this register would list only employing units, some information on self-employed by small areas is already available from the population census.

In response to reservations expressed by some members concerning the timing of the availability of the taxation data, Council has been advised of the assurance given by the ATO to the ABS that the data has been given high priority and are expected to

come on stream by 1992 as a result of the ATO modernisation program which is expected to improve the quality of the data. Council has also been advised that, while State level data from the economy wide surveys will not be available in the early stages, the usual economic census data available from the ABS program of cyclical collections will be retained for the next three years at least and will not be discontinued until adequate replacement data become available. Council has also been assured that the results of the current large business unit profiling exercise will ultimately lead to the availability of more reliable economic census data on a regular basis.

1991 Population Census

The Population Census directly affects every household in Australia and is the single most important collection conducted by the ABS. Council has therefore been careful to ensure that, at each of its meetings during the year, it reviewed the progress of the development work undertaken for the next Census to be held in 1991. The most important task of Council has been to consider various options for the content and procedures for the 1991 Census with a view to formulating its recommendations to the Government.

At its July 1988 meeting Council had the benefit of a detailed paper prepared by the Bureau following the extensive reviews carried out after consideration of the submissions received in response to its widely publicised information paper, "1991 Census of Population and Housing - Preliminary ABS Views on Content and Procedures". This paper had been prepared in the context of the Government's requirement that consultation for the Census be undertaken on the basis that its cost would be a good deal less than that for the 1986 Census.

Three main options were considered by Council:

- a minimum census in 1991, for the purpose of revising population estimates, at a cost of about \$62 million, alternating thereafter between a full census and a minimum census;
- a full enumeration for a core set of topics and sampling for others at a cost of about \$83 million; and
- a full enumeration of all topics proposed for both the core and sampled components of the second option at a cost of about \$98 million.

Given the structure of the Council it is not surprising that a wide diversity of views were expressed during its lengthy consideration of the complex issues involved. There was general agreement, however, on the great value of the census to most sections of the community. Council considers the wide range of data produced from the Census to be of major importance to policy making in both the private and public sectors.

In making its views known to the Government, Council strongly recommended the adoption of the third option involving a full enumeration of all the topics proposed by the ABS, pointing out that such a course of action would allay the widespread concern expressed by existing and potential users of census data over the significant cuts originally contemplated to the range of data which had been collected in the 1986 Census. The topics included under the third option represent a smaller content than that of the 1986 Census, with five topics in that Census not considered sufficiently justified on cost-benefit grounds for inclusion in 1991.

In putting forward this recommendation, Council recognised the possibility that the Government might find it impracticable to accept it because of budgetary constraints. Accordingly, Council advised the Minister that, if this were the case, it preferred the second option to the first, despite the concern expressed by some Council members that the introduction of sampling, in what has been traditionally a full census, could be seen as the prelude to even wider adoption of sampling in future censuses. In spite of this reservation, Council pointed out that the two part approach would give users the benefit of small area data for most of the items for which such data would be needed and at the same time provide additional data for larger geographic areas. The first option, on the other hand, would be an expensive way of producing a minimum of output. Council advised the Minister that it would be false economy to react to budgetary constraints by cutting such a valuable data source so severely.

Other recommendations made by Council to the Government were that the date of Census day should be as close as possible to 30 June (and that changes to school holidays to accommodate this should be vigorously pursued with State governments); that, because of the overwhelming importance of the confidentiality of the census, the forms should be destroyed in keeping with past practice, after validation of the data; and that high priority should be given to preliminary processing of the results so that preliminary results would be available for the December 1991 State population estimates.

Council is pleased that the Ministerial statement announcing the Government's decisions about the 1991 Census effectively accepts Council's key recommendations for a fully enumerated census of all the topics proposed by the ABS and for the destruction of census forms, after validation of the data. Council has been assured that its recommendation for the ABS to give high priority to the preliminary processing of the results of the Census will also be implemented. Council notes that its assistance to the Government in reaching its decisions has been acknowledged in the Parliament. However, the date of the Census has since been determined as 6 August 1991 and the Chairman has written to the Minister reiterating the views previously expressed.

Other aspects of the Census which the Council has closely monitored during the year include the developmental work undertaken to improve the efficiency of input processing by using optical mark reader technology and computer assisted coding and the progress made to secure suitable accommodation for the Census processing centre.

In looking further into the future, Council has considered the question of the frequency of the Census. It is clear from the discussion of this topic that some members recognise that, although the current quinquennial frequency of the Census is fixed by law, in the long term, useful savings could be achieved by extending the frequency to seven or even ten years. However, Council considers that in the event of any extension of frequency, great care would be needed to minimise any consequential adverse impact on intercensal population estimates, which are used as a basis for the allocation of Commonwealth funds to State, Territory and local governments, and for international comparisons.

Population Estimates

Various factors influencing the accuracy of population estimates were considered by Council at its November meeting at the request of the Tasmanian representative who had been concerned that the ABS estimate of Tasmania's population for 31 December 1987 was too low. This estimate had coincided with methodological changes and Tasmania had raised some initial concern that the new methodology had not been adequately tested. Since then there had been extensive discussions between Tasmanian Government and ABS officials and Tasmania was now satisfied that the ABS was doing all that it could to ensure that its population estimates were as accurate as possible. However, assurance was still sought that the ABS would continue to place high priority on ensuring a high level of accuracy for its population estimates and that the procedures for consultation between the ABS and the States on the estimates would improve.

The Northern Territory representative shared these concerns, pointing out that the population estimates for the Northern Territory had recently suffered considerable fluctuations, something which could cause significant damage to the Territory's financial situation, particularly when such revisions were made late in the financial year. He argued that this was of particular concern to the small States, not only because they were more reliant on the Commonwealth for funding but also because they had less flexibility in their ability to adjust to changing circumstances. While both representatives expressed their appreciation of the efforts being made by the ABS to address the issue, they also stressed the need to continually explore better data for intercensal population estimation.

The ABS has pointed out to Council that the calculation of population estimates to the degree of accuracy required by State governments is a very difficult task because of the lack of reliable data on interstate migration. ABS surveys of internal migration have not provided reliable indicators and estimates based on administrative data sources, currently Medicare, are used. The ABS has advised Council that it fully recognises the importance of continuing to monitor the estimates closely and to research alternative methods and data sources. An area of difficulty currently being investigated is the determination of the location of final residence of overseas arrivals. Despite these problems, the ABS has assured Council that it is confident that its population estimates are of the highest quality

possible in the circumstances. The ABS has also given assurances that it will continue to give high priority to ensuring their accuracy in a constantly changing environment and to improving the level of consultation between the ABS and relevant State authorities.

Council understands that the main requirement for accurate population estimates is a reliable and comprehensive data source for all States and welcomes the ABS assurance that alternative sources will be explored. Council is satisfied that the ABS is doing as much as possible to maintain a high standard of accuracy for this important series.

Aboriginal Statistics

At its November meeting Council considered a report on the status of Aboriginal statistics. The report emphasised the importance of population censuses as a data source and Council was advised of a number of measures to enhance the outputs on the Aboriginal population from the 1986 Census, including the compilation of experimental estimates of fertility and child mortality. However, Council understands that the prospects of producing intercensal estimates are not good because of problems of quality, largely caused by the instability of Census counts of Aboriginals, and because Aboriginal identifiers are still not required by all States in their records of births and deaths. Although the self-identification criterion was largely responsible for the wide fluctuations in the number of Aboriginals enumerated in recent censuses, a major reason for the significant increase recorded between 1981 and 1986 was an improvement in the overall coverage of the Aboriginal population for the 1986 Census. It has been pointed out to Council that, even if alternative sources, such as Medicare records, contain Aboriginal identifiers, they will still suffer from the quality problems caused by the self-identification criterion.

Council has also been advised of recent pressures on the ABS to expand the range of data on Aboriginal health, including proposals to use the 1989-90 National Health Survey to focus on Aboriginal health issues. However, after careful consideration, the ABS has concluded that the National Health Survey, which is designed to measure the health status of the general community, would be an inappropriate vehicle to address health issues specific to the Aboriginal population. To address these issues properly would require a separate survey. Council endorsed this view but notes that the ABS has agreed to consider alternative strategies for obtaining information of specific relevance to Aboriginal health issues.

1989-90 National Health Survey

Council has been very interested in the development work undertaken and the strategies proposed for the National Health Survey which will be conducted over a 12 month period, beginning in October 1989. The survey, to be conducted by personal interview and involving about 16,500 households throughout Australia, will collect data on health status, the use of health services and on health risk factors.

Council welcomes the survey as it will provide a solid basis for addressing a number of key health policy issues. Council is also pleased with the manner in which the user consultation process was undertaken during the development of the survey and compliments the ABS and the working party especially established for this task on the thorough and professional approach adopted.

While questions on the use of alcohol and tobacco will be included in the survey there will be no questions on more sensitive topics such as the use of illegal drugs. The ABS has advised Council that, although it will give further consideration to suggestions made by some Council members for questions on new topics, such as mental health, genetic diseases, the affordability of health care and occupational health and safety, pilot testing had shown that there would need to be a reduction in the topics already under consideration for the survey to remain within budget.

Council has been assured that, although the Statistician will have the power to direct householders to respond to the National Health Survey, interviewers will seek their willing cooperation, as for all ABS household surveys. Council acknowledges the ABS professional advice that to make the whole survey voluntary would lead to a marked fall in response rates but strongly supports the Bureau's move to make the female health questions overtly voluntary.

With respect to the public relations strategy proposed for the survey, Council considers it vital that a positive approach should be adopted to ensure it is well received. This is particularly important in view of the adverse and sensational media speculation last year on the possible content of the survey. Council has suggested that, in publicising the survey, the ABS give emphasis to the benefits that will flow to individuals as a result of the survey, together with strong reassurance about the Bureau's confidentiality practices. Council notes that some organisations with an interest in the survey results have already undertaken to give public support, and considers that such support in conjunction with a sensitively managed public awareness campaign will achieve high levels and quality of response.

Criticism of ABS Household Surveys

Throughout the year the ABS has had to contend with an unprecedented level of adverse publicity and Council was anxious to assist and support the Bureau in this difficult period. Inaccurate press reports about the National Health Survey generated most of this publicity at first, with the main focus of criticism shifting later to the Household Expenditure Survey which was conducted during the entire period under review. Linked with this was a Private Senator's Bill which proposed the removal of the Bureau's power under the Census and Statistics Act to compel people to supply statistical information for its collections (except for the Population Census).

Considerable damage control measures were required by the ABS as a result of sensational reports falsely claiming that the Bureau intended to force people to

undergo compulsory blood tests as part of its National Health Survey. Although the ABS quickly pointed out to the media outlets concerned that these claims were false, the sensational allegations continued, embellished with a great deal of uninformed public comment. Council is well aware that allegations always make better media copy than denials and it proved extremely difficult for the ABS to persuade the media concerned to publish timely and effective rebuttals. Council has commended the ABS action in making a number of formal complaints about these inaccurate reports to the National Press Council and is pleased that, with one minor exception, all these complaints have been upheld, with the newspapers concerned being obliged to publish the National Press Council's findings. However, this necessarily occurred well after needless alarm had been spread in the community with considerable damage being inflicted on the public standing of the ABS, and Council remains concerned that factual statements in defence of the ABS were not always published or given much prominence when they were issued.

The protracted campaign conducted against the Household Expenditure Survey has also attracted Council's close attention during the year. The main focus for the anti-ABS campaign concerning this survey has been in the Parliamentary arena. Although the media appear to have displayed less interest in this issue, Council members have attempted to correct inaccurate impressions of the ABS and the intrusiveness of its household surveys by communicating factual information in appropriate forums as opportunities have arisen. Some members have also assisted by giving expert statistical advice concerning the Household Expenditure Survey to the Attorney General's Department.

Council has strongly endorsed the Household Expenditure Survey as a major source of information for important decision making. It recognises the necessity of taking positive measures to limit the damage to the ABS by the uninformed attacks against the survey and commends the Bureau for its action in responding to its critics. Council is pleased that the considerable time and effort involved by senior ABS officers in defending the Bureau's activities appear to have borne fruit; the survey has continued to run smoothly throughout this difficult period with response rates being higher than for the previous survey.

During the middle of this controversy Senator Sheil introduced his Private Senator's Bill, "Census and Statistics Amendment (Voluntary Provision of Information) Bill", the effect of which would seriously impair the role of the ABS and the effectiveness of its operations by making all ABS statistical collections except the Population Census voluntary, and by imposing other restrictions on ABS activities. At the request of the Treasurer, Council gave the Bill careful consideration during its November meeting, being acutely conscious that any decision to change the legislation under which the Bureau operated should be well informed.

In its response to the Treasurer's request, Council stated that it was most unfortunate that uncertainty had arisen in the public mind relating to the conduct of statistical surveys, pointing out that, over a long period of time, the ABS had won the confidence of the community in the procedures it followed and in the integrity with which it carried out its activities.

Council advised the Treasurer that if the provisions of the Bill were implemented there would be an inevitable and substantial increase in the non-response rate for ABS collections and that attempts to overcome this would be costly and almost certainly unsuccessful. In addition, policy formulation would be made even more difficult due to the distortions in time series. Council's conclusion was that the implications of the proposed changes were so significant that they should not be implemented.

Council was pleased to learn that the Bill was rejected by the Senate shortly afterwards. However, it understands that Senator Sheil has since submitted another Private Senator's Bill which would, in effect, undermine the independence of the ABS as a statutory authority and ignore the position of ASAC as an independent advisory body.

In reiterating its support for ABS operations as they exist, Council notes that the ABS is currently working with the New South Wales Privacy Committee towards the development of "standards of conduct" regarding data collection. In addition, the ABS has been working with the Federal Privacy Commissioner to ensure that it adheres to the requirements of the *Privacy Act* 1988.

Treatment of mortgage interest charges in the Consumer Price Index (CPI)

Another focus for public discussion of the ABS during the year was its recent decision to change the method for measuring the price changes for mortgage interest charges in the CPI. Following public discussion early in 1989 concerning the treatment of mortgage interest charges, the ABS had agreed to undertake a review of this aspect of the CPI. At its March meeting, Council was reminded that during the last major review of the CPI it had been decided, following consultation with major users, including the Standing Tripartite Commission (STC) on the CPI (comprising the then Department of Employment and Industrial Relations, the Australian Council of Trade Unions and the Confederation of Australian Industry), to include mortgage interest charges in the index for the first time. Two particular methods for measuring the price changes for mortgage interest had been considered, with the ABS favouring the "debt profile" approach. However, reservations were expressed about this methodology, both within and outside the STC. Since studies showed that the two methods could be expected to deliver very similar results, the ABS decided with some reluctance in favour of the "simple revaluation" method.

Further analysis of the effects of the alternative measures on the CPI following the inclusion of mortgage interest charges had revealed very little difference until the September and December quarters 1988, when the "simple revaluation" method had resulted in a figure significantly higher than the "debt profile" method – mainly as a result of special circumstances affecting the housing market in Sydney. This divergence had led to the review of the methodology adopted and the ABS advised Council that the Bureau considered it necessary to carefully consider changing to the

"debt profile" method. Council was advised that there were sound technical reasons for adopting this method for the March quarter CPI calculation, although there would be transitional problems because the March quarter figure would not be comparable with that for the previous quarter. The ABS argued that it would be preferable to implement the change at the earliest opportunity because of severe problems which could arise if the divergence between the figures produced by the two methods grew in the future. The ABS was particularly concerned that the credibility of the CPI as a measure of inflation could well be called into question if it departed by too wide a margin from other ABS measures of the inflation rate when it was using an approach for the treatment of mortgage interest which was conceptually less thorough than an available alternative.

During Council's consideration of the matter many members expressed concern at the prospect of changing the measurement method for mortgage interest charges between the major five to six yearly reviews. While accepting the technical arguments for making the change, they pointed out that to do so in mid-stream, so soon after public criticism by Government leaders, could be widely interpreted as succumbing to political pressure. It was felt that such a perception could seriously damage the credibility of the ABS as an independent provider of impartial and reliable official statistics. Council recognised that the Statistician was responsible for decisions on how the CPI should be measured, but, in view of the importance it attached to maintaining public confidence in the integrity of the ABS, Council suggested that the Statistician give strong consideration to deferring any adjustments until the time of the next major review of the index.

Council notes that in the event the Statistician considered that he should not accept its recommendation and the change to the "debt profile" method was made for the March quarter CPI calculation. The criticism predicted by Council eventuated but, possibly because of the technical nature of the issues involved, was not sustained for a long period and the Bureau emerged relatively unscathed. Council accepts that the Statistician's decision was made after his careful consideration of its views and in the genuine belief that it would produce the most reliable figures.

ABS Public Relations

During Council's discussion at its July meeting of ways of handling the adverse publicity concerning the National Health Survey and the Household Expenditure Survey the ABS was asked to prepare an information paper outlining its public relations functions and activities. This paper was considered by Council at its November meeting. Council was given a brief account of the evolution in recent years of public relations in the ABS, during which the competence and professionalism of the Bureau in its dealings with the public had progressively improved. However, although a sound foundation had been laid for ABS public relations activities, it was acknowledged that considerable improvements were still required.

In response to a Council member's suggestion that too much emphasis had been given to public relations activities aimed at ABS staff, such as the staff newsletter, media awareness courses and training on form design, the ABS pointed out that all these were ultimately aimed at better equipping the Bureau in its dealings with the public. In particular, improved form design would help to ease the reporting load of respondents and the media awareness courses would lead to the public becoming better informed on the role and activities of the ABS.

Council welcomes the ABS recognition of the need to take more initiative in its public relations, something which is already happening through regular appearances by some senior officers on radio and television programs.

ABS charging policy for non-profit organisations

In its 1987-88 Annual Report Council indicated its general support for the ABS charging policy, as long as the ABS ensured that, in providing a national statistical service, the public good remained its paramount concern. However, some concern had been expressed about the implications of the ABS charging policy for non-profit organisations which could not afford to pay for statistical publications and Council examined the matter further at its November meeting.

Council was advised that the ABS considered that its products should not be treated any differently from other publicly provided goods and services and that the Bureau should not be responsible for deciding on appropriate levels of subsidy for the benefit of particular groups. It was also pointed out that differential pricing schemes were difficult to police and generally more costly to administer.

A contrary view noted that concessional arrangements already existed for the use of other public services such as electricity, water and transport (but not by non-profit organisations) and suggested that the public interest would be neglected if due regard were not given to users' capacity to pay. In addition, it was argued that to properly cover the public good aspect, any charging policy should take account of the use which was made of the product and not simply set out to maximise revenue. It was also suggested that to offer free or heavily discounted ABS products to lecturers and undergraduates would prove to be a good long term marketing strategy. It would accustom the younger generation to using statistics and, in making them familiar with ABS products, would provide for a future fee paying customer base.

Council was reminded that free copies of ABS publications were already given to the libraries of tertiary institutions and that free access to publications was also available at a number of ABS regional data centres. In addition, a special package of statistical material was being developed for the use of school students and consideration was being given to making copies of old stock available at heavily discounted rates for educational purposes. Another approach being considered to make more costly ABS products, such as unit record tapes, more easily accessible to a wide range of users, was to approach potential users before the preparation of such products and give them an opportunity to form consortiums of users so that they

could come to a cost sharing arrangement. It was suggested that hidden subsidies were of little long term benefit to the community and that it would be preferable for funding bodies if research institutes fully acknowledged the cost of statistical products in their operations. Otherwise the true cost of their activities could be understated. Council was advised that the Australian Research Council implicitly agreed with this approach, taking into account the cost of data to researchers when considering applications for grants.

Council has noted that the extent of the problem is small and that the ABS has received no complaints from charitable organisations about its charging policy. In the light of this and the measures already taken by the ABS to provide easy public access to its products, Council considers the existing ABS charging policy to be appropriate. However, it should be subject to review if the resulting revenue becomes a significant proportion of the ABS budget.

Information and statistical consultancy services

Council strongly supports initiatives proposed by the ABS in providing information and statistical consultancy services in the context of the Government's user-pays policy. However, Council considers that the ABS has a public responsibility to assist those who are unfamiliar with official statistics and it welcomes the assurance given by the ABS that its information services officers will be instructed to use their discretion when considering the imposition of charges in such cases.

Council has been advised that the estimated revenue from both statistical and information consultancy services is expected to cover the staff and other costs involved and result in a net flow to ABS income. Council has strongly suggested to the ABS that its revenue would be significantly increased with a greater investment in its marketing activities.

Study papers by Council members

At Council's November meeting Professor Max Neutze presented his paper, "Indicators of priority among statistical collections", in order to provide members with a general framework for discussing the issues involved in consideration of this topic. He argued that quantification of priorities should be attempted, despite its inherent difficulty, using a cost-benefit framework. This was relatively easy on the cost side but much more difficult for benefits, especially where the public good aspects of the use of statistics were concerned. Other important factors to be considered were the bias in favour of existing series and quality, including timeliness and accuracy. He suggested that a check list of "arguments that count" would be useful in determining relative priorities. This list would cover aspects of the demand for the output, including the purposes for which it was used as well as normal market criteria. It would also cover the cost of the collections concerned, both to the ABS and to respondents, recognise the additional benefit given by continuing collections and give proper consideration to aspects of quality. Carefully considered performance indicators could also be useful but these, like the other attempts at quantification, should not be applied in a mechanistic way.

Council expressed general support for the check list approach and suggested that it would be useful for those policy areas using ABS output to quantify its importance in arriving at decisions made on particular projects. However, a different approach would be required depending on whether the collections concerned already existed or were new. Since it would be much more difficult to properly evaluate and allocate relative priorities to new collections it was suggested that the check list should be completed by potential users as part of the initial justification process. The point was made that in an environment where the ABS was charging for its products, users would have more say in the content, presentation and timeliness of those products and that this factor should also be considered when developing a check list.

Council recognises that, when determining priorities, there will always be a need for subjective judgments to be exercised but it considers that, despite the inherent difficulties involved, it would be useful for the ABS to consider the feasibility of adopting the check list approach.

General

Council wishes to record its appreciation for the assistance received from the Statistician and his officers in the presentation and comprehensiveness of information provided on the matters considered by Council and the courtesy and efficiency with which secretariat and other services have been made available.

APPENDIX

Freedom of Information Statement

Below is a statement, as required by section 8 of the *Freedom of Information Act 1982*, about the structure of the Australian Statistics Advisory Council (ASAC) and how members of the public can obtain access to information held by the Council.

Establishment, organisation and functions

See Introduction to this report (page 1).

Powers

As an advisory body, ASAC has no decision-making or other powers directly affecting members of the public. It does not administer any enactments or schemes.

Arrangements for outside participation

ASAC members are appointed by the Minister responsible for the ABS so that a broad range of views and interests is reflected in the advice that ASAC offers to the Minister and the Statistician. Membership details are given on pages iv-vii.

Persons or bodies outside the Commonwealth administration may participate in the Council's policy formulation by making representations to the Minister or the Chairman on matters of concern to them.

Categories of documents

No documents are held by ASAC which are open to public access on payment of a fee or customarily available free of charge. The annual report, which is tabled in Parliament, is available from all ABS offices. Files are maintained which contain documents relating to the administration of the Council, papers discussed at Council meetings and correspondence relating to the activities of the Council.

FOI procedures and initial contact points

All inquiries concerning access to documents, including inquiries under the *Freedom of Information Act 1982*, may be directed on weekdays, between 8.30am and 4.30pm, to the Secretary, Australian Statistics Advisory Council c/- Australian Bureau of Statistics, Cameron Offices, Belconnen, ACT 2617 – telephone (062) 525256.

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